

The Illinois Retailers' Occupation Tax applies to purchases of tangible personal property at retail and is presently imposed at the rate of 6.25%, plus local taxes, if any. The tax is applicable to boats and other vessels purchased at retail. See 86 Ill. Adm. Code 130.101. (This is a GIL.)

January 8, 1999

Dear Ms. Xxxxx:

This letter is in response to your letter dated November 30, 1998. The nature of your letter and the information you have provided require that we respond with a General Information Letter which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

Licensing and Registration Service is a unit within the State of OUT-OF-STATE AGENCY, which is responsible for the collection of excise tax on all vessels sold, transferred or brought into this State for principal use. The excise tax is in lieu of a sales or title tax. We are updating our files and request that your office answer the questions listed below.

1. Are you a title state? If 'yes', what year did titling become effective? What are the requirements for titling (length, motor, etc.)
2. Do you register 'only'? What year did registration become effective? What are the requirements for registration?
3. Do you title and/or register personal watercraft?
4. Do you track serial numbers of motors or issue title?
5. Do you allow a trade-in to be deducted before tax is collected? Is this allowance extended to: dealers?; brokers?; individuals?
6. What is your rate of state or excise tax on vessels? (If more than one state tax rate, use approximation.) Do you assess a personal property or local tax? If 'yes', what is the range? Into what fund is the vessel tax revenue deposited? (Example: waterways, schools, highways, capital project, general.)
7. Does your state grant reciprocity (up to 5%) to STATE residents who paid the STATE excise/use taxes on vessels?

Signature: \_\_\_\_\_ Capacity: \_\_\_\_\_  
Fax: \_\_\_\_\_ Telephone: \_\_\_\_\_  
E-Mail: \_\_\_\_\_ Website: \_\_\_\_\_

Thank you for your assistance. An envelope is enclosed for your convenience in returning this survey or you may fax it to us at ####.

The Illinois Retailers' Occupation Tax and Use Tax applies to purchases of tangible personal property at retail and is presently imposed at the rate of 6.25%, plus local taxes, if any. See 86 Ill. Adm. Code 130.101. The tax is applicable to boats and other vessels purchased at retail. When individuals purchase vessels outside the State of Illinois from retailers of vessels, then bring the vessels into Illinois for use in this state, they incur State and local Use Tax liabilities.

For your information, we have enclosed a copy of 86 Ill. Adm. Code 150.310 regarding "Exemptions to Avoid Multi-State Taxation." Under 86 Ill. Adm. Code Section 150.310(a)(3), the Use Tax shall not apply to "the use, in this State, of tangible personal property which is acquired outside this State and caused to be brought into this State by a person who has already paid a tax in another state in respect to this sale, purchase or use of such property, to the extent of the amount of such tax properly due and paid in such other state...." See 86 Ill. Adm. Code 150.310(a)(3), enclosed. Also, purchasers are allowed to depreciate the value of vessels when they are used outside the State of Illinois prior to being brought into Illinois. Please refer to 86 Ill. Adm. Code 150.110(c), enclosed.

Since the Illinois Use Tax is imposed only upon purchases at retail, purchases of boats and vessels from sellers who are not in the business of selling boats and vessels at retail would not be subject to Illinois Use Tax at all. See 86 Ill. Adm. Code 130.110 regarding "Occasional Sales."

Please find enclosed a copy of Publication ST-9, A Guide for Reporting Sales Using Form ST-556, Sales Tax Transaction Return. For information on titling watercraft, please contact the Illinois Department of Natural Resources, P.O. Box 19226, Springfield, IL 62794-9226.

I hope this information is helpful. The Department of Revenue maintains a Web site which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis  
Associate Counsel

MAJ:msk  
Enc.